

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

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| In the Matter of |) | |
| |) | |
| Centennial USVI Operations Corp. |) | CC Docket No. 96-45 |
| |) | |
| Petition for Designation as an Eligible |) | |
| Telecommunications Carrier in the United |) | |
| States Virgin Islands |) | |

**OPPOSITION OF THE VIRGIN ISLANDS TELEPHONE COMPANY D/B/A
INNOVATIVE TELEPHONE**

Gregory J. Vogt
Rebekah P. Goodheart
Amy E. Bender
Wiley Rein & Fielding LLP
1776 K Street NW
Washington, DC 20006
TEL: 202.719.7000
FAX: 202.719.7049

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The Virgin Islands Telephone Company d/b/a Innovative Telephone (“Innovative”), the rural incumbent local exchange carrier (“ILEC”) in the U.S. Virgin Islands, by its attorneys, hereby files this Opposition to Centennial USVI Operations Corp.’s (“Centennial”) Petition for Designation as an Eligible Telecommunications Carrier (“ETC”) in the U.S. Virgin Islands.¹

I. INTRODUCTION AND SUMMARY.

Section 214(e) of the Telecommunications Act of 1996 (the “Act”) establishes a mechanism for granting ETC status, which is a necessary prerequisite for a common carrier to receive Federal universal service support. Innovative Telephone is the rural ILEC and an ETC in the U.S. Virgin Islands. By its application, Centennial seeks to be designated as another ETC in the U.S. Virgin Islands.²

¹ Centennial USVI Operations Corp., *Petition for Designation as an Eligible Telecommunications Carrier in the United States Virgin Islands*, CC Docket No. 96-45 (filed April 29, 2005) (“Centennial Application” or “Application”).

² Innovative’s concerns herein stem from the increasing pressure on the universal service fund, which could threaten Innovative’s ability to provide affordable supported telecommunications services to the Virgin Islands—where the per capita income and telephone penetration rates are much lower than on the U.S. mainland. Innovative notes that another applicant also filed for ETC status in the U.S. Virgin Islands, Choice Communications LLC. *Petition for Designation as an Eligible Telecommunications Carrier in the United States Virgin*

The Act creates two separate standards for granting ETC status: (1) a test for applicants seeking designation in non-rural areas; and (2) a test for applicants seeking designation in an area served by a rural telecommunications carrier. For non-rural areas, the Act *requires* the grant of ETC status if the applicant demonstrates that it is a telecommunications carrier, that it provides or will provide and advertise the nine supported telecommunications services, and that its designation as an ETC will serve the public interest. By contrast, in rural areas, the Act specifies that a state commission *may* grant ETC status if the applicant demonstrates that it is a telecommunications carrier, that it provides or will provide and advertise the nine supported telecommunications services, and that the applicant proves that granting the application is in the public interest. In so doing, the Act creates a heightened burden for carriers seeking ETC status in rural areas, such as Centennial, and makes clear that it is consistent with the public interest to have one ETC in a rural territory. In addition, the Commission, in the 2004 *Virginia Cellular Order*, created additional requirements for ETC applicants in rural areas and outlined the heavy burden that such applicants face in demonstrating that granting their applications would serve the public interest.³

Centennial fails to establish that it will comply with all of the requirements for ETC applicants in a rural area.⁴ Moreover, Centennial has not carried its burden of demonstrating that

(Continued . . .)

Islands of Choice Communications LLC, CC Dkt. No. 96-45 (filed Jan. 13, 2005). The Commission thus is considering granting ETC status to two additional entities in the territory of a rural carrier in the U.S. Virgin Islands.

³ See *Federal-State Joint Board on Universal Service; Virginia Cellular, LLC, Petition for Designation as an Eligible Telecommunications Carrier in the Commonwealth of Virginia*, Memorandum Opinion and Order, 19 FCC Rcd 1563, ¶¶ 15-16 (2004) (“*Virginia Cellular Order*”).

⁴ The FCC recently adopted new rules for ETC applicants. See generally *Federal-State Joint Board on Universal Service*, Report and Order, FCC 04-56 (rel. Mar. 17, 2005) (“*ETC*

granting its Application will serve the public interest. Although Centennial claims to offer consumers in the U.S. Virgin Islands “unique” calling options and other “competitive benefits,” several carriers serving the U.S. Virgin Islands already provide consumers the same or better offerings—without receiving any universal service support. In fact, the supposedly “unique benefits,” such as the elimination of charges on calls to and from Puerto Rico, have been offered by Centennial’s wireless competitors for several years. Centennial, however, ignores these competitors and fails to explain why it needs funding for services that its competitors provide without assistance. Centennial likewise fails to demonstrate that any actual public interest benefit would be achieved by designating it an ETC given that it already provides service in the U.S. Virgin Islands.

The Commission imposed a heightened standard on ETCs seeking to serve rural areas to ensure that support is used to advance universal service and to prevent needless expansion of the universal service fund.⁵ The purpose of universal service support is to provide consumers with affordable rates and additional benefits, not to fund services that already are available in a competitive market.⁶ Centennial offers no proof that it will advance these goals. Moreover, granting Centennial’s Application would encourage all of the other carriers that currently serve the U.S. Virgin Islands to seek universal service support. Indeed, an Internet service provider (and alleged SMR provider), Choice Communications LLC, has sought ETC status in the U.S. Virgin Islands without demonstrating that it offers any unique advantages or competitive

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Order”). While Centennial filed its application before the effective date of the *ETC Order*, Centennial claims that it satisfies the requirements established therein. Application at 10-11. Innovative therefore urges the Commission to hold Centennial to the requirements of the order.

⁵ See, e.g., *ETC Order*, ¶ 2.

⁶ 47 U.S.C. § 254(b)(3); *Virginia Cellular Order*, ¶¶ 28-30.

benefits.⁷ Designating even one competitive ETC in Innovative’s study area, however, could seriously burden the universal service fund given that Innovative receives, because of its high costs, the highest per-line universal service support of any ILEC in the country. For all these reasons, the Commission should deny Centennial’s Application.

II. CENTENNIAL FAILS TO SATISFY THE REQUIREMENTS FOR ETC DESIGNATION.

ETC applicants must “demonstrat[e] through the required certifications and related filings,” that it now offers and advertises or will offer and advertise, upon designation as an ETC, “the services supported by the federal universal service support mechanism.”⁸ Section 54.101(a) of the Commission’s rules defines the supported telecommunications services as: (1) voice grade access to the public switched network; (2) local usage;⁹ (3) dual tone multifrequency (“DTMF”) signaling or its functional equivalent; (4) single-party service or its functional equivalent; (5) access to emergency services; (6) access to operator services; (7) access to interexchange service; (8) access to directory assistance; and (9) toll limitation for qualifying low-income consumers.¹⁰

⁷ See n.2, *supra*.

⁸ *Virginia Cellular Order* at ¶ 14; see also 47 U.S.C. § 214(e)(1).

⁹ Section 54.101(a) of the FCC’s rules requires that ETC applicants provide local usage. In the *ETC Order*, the FCC clarified that an ETC applicant must demonstrate that it “offers a local usage plan *comparable* to the one offered by the incumbent LEC in the service areas for which the applicant seeks designation.” *ETC Order*, ¶ 32 (emphasis added). Although Centennial claims to meet the comparability requirement, Centennial’s calling plans cannot be considered “comparable” to Innovative’s plans. Even Centennial’s lowest cost “B-Simple” plans, which start at \$25, are more expensive than Innovative’s residential rate. And, customers subscribing to the “B-Simple” plans must pay an additional rate per minute—even for local calls—in excess of the 100 included minutes. Moreover, although Centennial claims to offer “large nationwide buckets of minutes,” that option is available only on plans starting at \$49.95.

¹⁰ 47 C.F.R. § 54.101(a).

In addition, since the *Virginia Cellular Order*, the Commission has required applicants seeking to serve rural areas to make certain service and consumer protection commitments as preconditions to obtaining ETC status, including: (1) the submission of a formal build-out plan; (2) adherence to consumer protection measures; and (3) a commitment to comply with annual reporting requirements.¹¹

As described below, Centennial has not established that it will comply with all of the requirements for ETC applicants in a rural area.

Access to Emergency Services. Under Section 54.101(a) of the FCC's rules, Centennial must establish that it provides access to emergency services. Centennial states that it provides its customers with "access to emergency services by dialing '911.'" ¹² However, the *ETC Order* further clarified that an ETC applicant must "demonstrate its ability to remain functional in

¹¹ *Virginia Cellular Order* at ¶¶ 14-16; *Highland Cellular, Inc. Petition for Designation as an Eligible Telecommunication Carrier in the State of Virginia*, Memorandum Opinion and Order, 19 FCC Rcd 6422, ¶¶ 16-17 (2004) ("*Highland Cellular Order*"); *NPCR, Inc. d/b/a/ Nextel Partners, Petition for Designation at an Eligible Telecommunications Carrier in the State of Alabama*, Order, 19 FCC Rcd 16530, ¶ 11 (WCB 2004) ("*Nextel Partners Order*"); *Advantage Cellular Systems, Inc., Petition for Designation as an Eligible Telecommunications Carrier in the State of Tennessee*, Order, 19 FCC Rcd 20985, ¶ 12 (WCB 2004) ("*Advantage Cellular Order*"); *Guam Cellular and Paging, Inc. d/b/a/ Saipancell, Petition for Designation as an Eligible Telecommunications Carrier on the Islands of Saipan, Tinian, and Rota in the Commonwealth of the Northern Mariana Islands*, Order, 19 FCC Rcd 13872, ¶ 11 (WCB 2004) ("*Saipancell Order*").

In addition, in the *ETC Order*, the Commission adopted the Joint Board's recommendations that, in addition to the statutory requirements, an ETC applicant (1) demonstrate its commitment and ability to provide supported services throughout the designated service area; (2) remain functional in emergency situations; (3) demonstrate its commitment to meeting consumer protection and service quality standards; (4) provide local usage that is comparable to that of the ILEC and (5) acknowledge that it may be required to offer equal access if no other ETC is providing equal access in the service area. *ETC Order*, ¶¶ 21-36.

¹² Application at 8.

emergency situations.”¹³ Although Centennial boasts of its ability to “maintain[] wireless service during emergencies, and, in particular, severe weather emergencies,”¹⁴ Centennial makes no effort to demonstrate that it can remain functional during emergencies in the U.S. Virgin Islands, relying instead on its service record in Louisiana, Mississippi, and Puerto Rico.¹⁵ Its record in these other areas is irrelevant. Centennial is seeking ETC status in the U.S. Virgin Islands, and thus the FCC should ensure that U.S. Virgin Islands’ residents have access to emergency services. Centennial itself raises concern by noting that its current microwave link between the U.S. Virgin Islands and Puerto Rico is not always functional in severe weather conditions.¹⁶

Annual Reporting Requirements. ETC applicants must commit to report annually on progress toward achieving its build-out plans, the total number of unfulfilled service requests, and the total number of complaints per 1,000 households.¹⁷ It appears that Centennial fails to comply with this obligation because the only commitment that it makes is to report on unfulfilled service requests.¹⁸

Formal Build-out Plan. Since the *Virginia Cellular Order*, and as further detailed in the *ETC Order*, rural ETC applicants must file a formal build-out plan before obtaining ETC

¹³ *ETC Order*, ¶ 25.

¹⁴ Application at 12.

¹⁵ *Id.*

¹⁶ *Id.* (stating its plans to “to complete an undersea fiber optic cable link . . . that will be better able to remain functional in severe weather conditions than the current microwave link.”).

¹⁷ *Virginia Cellular Order* at ¶¶ 14-16; *Highland Cellular Order* at ¶¶ 16-17; *Nextel Partners Order* at ¶ 11; *Advantage Cellular Order* at ¶ 12; *Saipancell Order* at ¶ 11.

¹⁸ Application at 13.

status.¹⁹ Although Centennial filed a five-year build-out plan, Innovative is not in a position to address the plan because it was filed under seal. Innovative respectfully urges the Commission to carefully scrutinize Centennial's plan to ensure that it complies with Commission precedent. In addition, Innovative reserves its right to supplement its response after its counsel has the opportunity to review the submitted plans.²⁰

III. CENTENNIAL'S APPLICATION IS NOT IN THE PUBLIC INTEREST.

A. Centennial Faces a Heavy Burden to Demonstrate That Its Application Serves the Public Interest.

In determining whether the public interest is served, the Commission places the burden of proof upon the ETC applicant.²¹ Moreover, the Act imposes heightened scrutiny for applicants seeking ETC status in an area served by a rural telephone company. As noted above, under the Act, a state commission "may" but is not required to grant ETC status to more than one carrier in an area served by a rural carrier.²² Congress thus made clear that it is appropriate from a policy perspective that a rural area have only one ETC and that potential applicants in rural areas must make a strong public interest showing before an additional ETC designation will be granted.

As set forth in the *Virginia Cellular Order*, in determining whether an ETC application in a rural area is in the public interest, the FCC considers, "the benefits of increased competitive choice, the impact of the designation on the universal service fund, the unique advantages and

¹⁹ *ETC Order*, ¶ 23 (citing *Virginia Cellular ETC Designation Order*, at ¶¶ 4, 27, 28, 46; *Highland Cellular ETC Designation Order*, at ¶ 17).

²⁰ Innovative is filing a request to review the submitted information so that, at a minimum, Innovative's counsel is afforded the opportunity to review and provide comment on Centennial's five-year plan.

²¹ *Highland Cellular Order* at ¶ 22.

²² 47 U.S.C. § 214(e)(2).

disadvantages of the competitor’s service offering, any commitments made regarding quality of telephone service, and the competitive ETC’s ability to satisfy its obligation to serve the designated service areas within a reasonable time frame.”²³ The Commission also examines the potential for creamskimming.²⁴ Finally, the FCC considers whether the benefits of an additional ETC in a rural area outweigh potential harms.²⁵

B. Centennial Fails to Carry Its Burden of Demonstrating That Its Application Is in the Public Interest.

1. Centennial Does Not Offer Consumers Any “Unique Advantages.”

Centennial avers that it satisfies its obligation to serve the public interest by six “unique advantages” that it offers to USVI residents: (1) mobility;²⁶ (2) public safety benefits;²⁷ (3) “large nationwide buckets of minutes”;²⁸ (4) a larger local calling area that includes Puerto Rico;²⁹ (5) advanced services;³⁰ and (6) an increase in local competition.³¹ In a market with several competitors,³² including four wireless providers, however, Centennial’s routine offerings do not provide any unique advantages that justify granting ETC status.

²³ *Virginia Cellular Order* at ¶ 28; *see also Highland Cellular Order* at ¶ 22 (same).

²⁴ *Virginia Cellular Order* at ¶ 32.

²⁵ *Id.* at ¶ 28.

²⁶ Application at 14.

²⁷ *Id.*

²⁸ *Id.*

²⁹ *Id.* at 15.

³⁰ *Id.*

³¹ *Id.* at 14-15.

³² *See* Section III.B.3, *infra* (describing the multiple competitors that serve the U.S. Virgin Islands).

First, Centennial fails to explain how its service is different from the cellular service and mobility offered by other wireless carriers in the U.S. Virgin Islands.³³ Instead, Centennial simply asserts that its “customers can use their service throughout the USVI, as well as in Puerto Rico” without offering any evidence that such mobility is unique.

Second, Centennial alleges that its “service offers significant public safety benefits” because customers “can make safety-related calls” from cars and from work.³⁴ However, Centennial makes no showing that other wireless providers, including Sprint and Cingular, do not provide the same benefits to their customers.

Third, Centennial claims that its service is unique because its “calling plans include ... large nationwide buckets of minutes.”³⁵ Yet, that option is available only on plans starting at \$49.95.³⁶ And, even then, nationwide calling is not always included without an additional charge, unlike other carriers’ calling plans.³⁷

Fourth, while Centennial makes much of the fact that Puerto Rico is included in Centennial’s “local calling area,” this “benefit” is illusory. In particular, Centennial touts the

³³ See Cingular Wireless, *National Plans*, at http://www.cingularpr-usvi.com/english/2oferta_tarifasnacionales.html (last visited June 6, 2005); Sprint, *Plans for Sprint PCS Phones*, at http://www1.sprintpcs.com/explore/servicePlansOptionsV2/FreeClearFairFlexiblePlans.jsp?FOLDER%3C%3Efolder_id=1567897&CURRENT_USER%3C%3EATR_SCID=ECOMM&CURRENT_USER%3C%3EATR_PCode=None&CURRENT_USER%3C%3EATR_cartState=group&bmUID=1118406475990 (last visited June 6, 2005). Copies of these calling plans are attached hereto as Exhibit A.

³⁴ Application at 14.

³⁵ *Id.* at 14. Centennial also claims that its service is unique because local and long distance is included “all on one bill.” *Id.* Clearly, this option is not unique because other wireless competitors provide the same benefit.

³⁶ *Id.* at Exhibit C.

³⁷ *Id.*; see also Exhibit A.

fact that calls made from Puerto Rico would not be subject to roaming charges.³⁸ However, Centennial offers no proof of the extent to which consumers in the U.S. Virgin Islands travel to Puerto Rico, let alone whether they travel there more frequently than to the U.S. mainland—where its customers would be charged roaming fees of fifty-cents per minute under Centennial’s plan.³⁹ Moreover, Centennial’s elimination of roaming charges at this late date—and only for calls from Puerto Rico—is not a unique benefit. Other wireless carriers, such as Cingular, eliminated roaming charges years ago—both for calls from Puerto Rico *and* from the U.S. mainland—without receiving any universal service support.⁴⁰ In addition, while Centennial may not apply long distance charges to calls to Puerto Rico, other carriers do not charge extra for long distance calls to either Puerto Rico *or* the U.S. mainland.⁴¹

Fifth, Centennial states that it will deploy third generation cellular technology, which will offer residents the “unique advantages” of wireless data, Short Messaging Service (“SMS”), and Multi Media Services (MMS).⁴² Importantly, these “advanced services” are not supported telecommunications services. Centennial fails to mention that the universal service program rules do not allow support for such data services.⁴³

³⁸ Application at 13.

³⁹ Application at Exhibit C.

⁴⁰ See Exhibit A.

⁴¹ See *id.*

⁴² Application at 15.

⁴³ To this end, state commissions (or ETCs themselves when such ETCs are not subject to state jurisdiction as in the case here) must certify that “high-cost support received by the competitive ETC will be used ‘only for the provision, maintenance, and upgrading of facilities and services for which support is intended.’” 47 C.F.R. § 54.313(b); 47 C.F.R. § 54.314(b).

Finally, as demonstrated below,⁴⁴ the telecommunications market in the U.S. Virgin Islands is competitive. Centennial itself already competes with Innovative in the U.S. Virgin Islands. Therefore, Centennial’s assertion that granting its Application will “increase local competition” is contrary to fact and there is no evidence that federal support is at all necessary to further increase this competitive market.

Given that there is nothing unique about Centennial’s service, the Commission should deny its request for ETC status. Granting the Application under these circumstances would significantly undermine the heightened standard that the Commission has consistently applied to ensure that ETC designation in the territory of a rural LEC will further universal service and the public interest. Moreover, it could threaten the sustainability of the universal service fund given that multiple competitors in the U.S. Virgin Islands, including major national wireless carriers, would be equally eligible for universal service support. As described in more detail below, designating several ETCs in a rural territory such as Innovative’s could seriously burden the universal service fund and would be contrary to the public interest.

2. Granting the Application Could Undermine the Universal Service Fund.

Centennial’s claim that granting its Petition would have only a “tiny” “impact on the [universal service fund]” unavailing and misleading.⁴⁵ Although Centennial argues that the total universal service support it would receive would be a small fraction of the total fund allocated to carriers,⁴⁶ every ETC applicant could make this same argument.⁴⁷ Moreover, the FCC has expressed concern about the impact that granting ETC applications has on the fund.⁴⁸

⁴⁴ See Section III.B.3, *infra*.

⁴⁵ Application at 16 & n.16.

⁴⁶ *Id.*

What is more, due to the high cost of providing telephone service in the U.S. Virgin Islands, Innovative receives the highest per-line universal service support of any ILEC in the country.⁴⁹ Therefore, if there is any case where granting an additional ETC would strain the fund, the U.S. Virgin Islands clearly is that case. This is particularly true given that another carrier—Choice Communications LLC—also has sought ETC designation in the U.S. Virgin Islands.⁵⁰ Under the current rules, an ETC will receive the same support per line as the rural ILEC. Accordingly, designating another ETC—and possibly two ETCs—in Innovative’s study area could significantly and needlessly burden the universal service fund.

Indeed, the FCC has found that the amount of per-line support given to the rural ILEC in a study area is a serious consideration that should be addressed when determining whether an ETC application is in the public interest.⁵¹ While the FCC has declined to find any specific per-line funding would render an application inconsistent with the public interest, the Commission did find that “[i]f the per-line support level is high enough, the state may be justified in limiting

(Continued . . .)

⁴⁷ Indeed, the Commission found that examining the impact of just one ETC leads to “inconclusive” results. *Virginia Cellular Order* at ¶ 31 & n.96.

⁴⁸ *Virginia Cellular Order* at ¶ 31 & n.96 (“We are increasingly concerned about the impact on the universal service fund due to the rapid growth in high-cost support distributed to competitive ETCs. Specifically, although competitive ETCs only receive a small percentage of all high-cost universal service support, the amount of high-cost support distributed to competitive ETCs is growing at a rapid pace.”).

⁴⁹ See Federal Communications Commission, *Universal Service Monitoring Report*, CC Dkt. No. 98-202 at 148 & Table 3.20 (2004), *available at* http://www.fcc.gov/Bureaus/Common_Carrier/Reports/FCC-State_Link/Monitor/mr04-0.pdf. Indeed, even Centennial acknowledges that Innovative “receives substantial per-line USF support.” *Id.*

⁵⁰ See n.2, *supra*.

⁵¹ *ETC Order*, ¶ 55.

the number of ETCs in that study area, because funding multiple ETCs in such areas could impose strains on the universal service fund.”⁵² As noted above, Innovative’s per-line support is the highest, thus if there is any case where the per-line support is “high enough” to find a grant of ETC status not in the public interest, it is here.

In addition, Centennial has not shown, at least in its publicly filed materials, that granting its Application would advance the Commission’s universal service goals. Although Centennial asserts that it will “add[] new cell sites” and “improve coverage,” to consumers in locations that are “difficult to serve,”⁵³ it does not claim that the new cell sites or improved coverage will bring service to consumers who are otherwise without phone service today.⁵⁴ And, while Centennial claims that granting its Application is necessary to “support to build out and maintain a robust communications infrastructure in areas where normal market forces might not reliably lead to that result,”⁵⁵ marketplace evidence demonstrates that it is both economical and feasible for carriers to serve the U.S. Virgin Islands without universal service support. In sum, there is no basis for granting Centennial’s Application, and doing so could strain the universal service fund.

3. Centennial’s Application Does Not Demonstrate Any Competitive Benefits.

Centennial offers no evidence that granting its Application will provide “the benefits of increased competitive choice” to consumers in the U.S. Virgin Islands.⁵⁶ Centennial claims that designating it as an ETC will “enable it to offer residents a viable competitive alternative to the

⁵² *Id.*

⁵³ Application at 11.

⁵⁴ *Id.* at 3, 11.

⁵⁵ *Id.* at 16.

⁵⁶ *Highland Cellular*, ¶ 22; Application at 15.

incumbent carrier.”⁵⁷ However, U.S. Virgin Islands’ residents already benefit from vibrant telecommunications competition, with multiple carriers competing directly with Innovative without the benefit of universal service support. Centennial itself already competes in the U.S. Virgin Islands. There is no evidence that providing Centennial universal service support is at all necessary as consumers already realize these benefits.

Because Centennial currently provides telecommunication services to residents of the U.S. Virgin Islands, granting Centennial’s application would neither “increase competition” nor provide any conceivable “competitive benefit.” Moreover, several other telecommunications carriers offer services in the U.S. Virgin Islands.⁵⁸ These include major carriers such as Cingular, Sprint PCS, AT&T Wireless,⁵⁹ and Innovative Wireless, an affiliate of Innovative. These carriers aggressively compete to serve customers in the U.S. Virgin Islands, and, even in this particularly high-cost region, wireless competition is expanding. For example, Wirefree Partners III, LLC, a partnership of Sprint, recently bid over \$1,400,000 for spectrum in the FCC’s Auction 58 for spectrum in the U.S. Virgin Islands.⁶⁰

Given the number of carriers, including Centennial, that already provide telecommunication services in the U.S. Virgin Islands, Centennial’s claim that it needs high-cost support to provide a “competitive alternative” to Innovative is wholly unavailing. There is simply no benefit, competitive or otherwise, to be gained by providing Centennial with high-cost

⁵⁷ Application at 3.

⁵⁸ For example, Cingular offers a 450 minute plan in the U.S. Virgin Islands at the same rate as a 450 plan purchase in Washington, D.C.

⁵⁹ AT&T Wireless of the U.S. Virgin Islands was not part of the AT&T Wireless merger with Cingular.

⁶⁰ *Broadband PSC Spectrum Closes*, Public Notice, DA 05-459 at Att. A, p. 11 (rel. Feb. 18, 2005).

support. Moreover, granting funding to Centennial in this competitive market could undermine the fund, as Centennial's competitors in the U.S. Virgin Islands would doubtlessly seek ETC designation as well.

4. Centennial's Application Raises Serious Creamskimming Concerns.

Although Centennial requests designation for the entire U.S. Virgin Island,⁶¹ Centennial has made no assurances that it will not engage in creamskimming. The Commission has explained that “[r]ural creamskimming occurs when competitors seek to serve only the low-cost, high revenue customers in a rural telephone company’s study area.”⁶² Unlike previous ETC applications, Centennial does not seek to obtain ETC status only for low density wire centers—which may alleviate creamskimming concerns.⁶³ Rather, because Centennial seeks ETC status for its entire licensed area, it has the potential and the incentive to disproportionately serve customers in low-cost, high-density wire centers, as well as to target the most profitable business customers in the U.S. Virgin Islands.

As part of the public interest analysis, the FCC performs an examination to detect the potential for creamskimming effects.⁶⁴ Regarding this analysis, the FCC has clarified that, “[e]ven if a carrier seeks to serve both high and low density wire centers, the potential for creamskimming still exists if the vast majority of customers that the carrier is proposing to serve are located in the low-cost, high-density wire centers.”⁶⁵ Centennial, however, provides no

⁶¹ *Id.* at 4.

⁶² *Advantage Cellular Order* at ¶ 20.

⁶³ *See e.g., id.* at ¶¶ 18-24; *Virginia Cellular Order* at ¶¶ 32-35.

⁶⁴ *See e.g., Virginia Cellular Order* at ¶¶ 32-35.

⁶⁵ *ETC Order*, ¶ 50 (citing *Highland Cellular Order* at ¶ 31).

information on the distribution of the customers it seeks to serve. Instead, Centennial erroneously claims that because it seeks designation “for all of the USVI ... there is no need to subdivide the USVI into wire centers for the purposes of considering this Petition.”⁶⁶ Therefore, the Commission should require Centennial to provide information regarding the locations of customers it seeks to serve as soon as Centennial receives maps of the wire centers in the U.S. Virgin Islands.

In addition, Centennial makes no attempt to assuage the real concern that it will creamskim profitable business customers and thereby undermine universal service in the U.S. Virgin Islands. There is no reason to suspect that Centennial will not target the more lucrative business customers—indeed, it makes prudent business sense to do so. Given that there already is a lower penetration rate of telephone service in the U.S. Virgin Islands than on the U.S. mainland, even with a residential rate of \$22.00—not because services are not available but because the price is too high for residents⁶⁷—any such increase in residential rates poses a serious risk to maintaining universal service. Accordingly, Centennial has failed to demonstrate that granting its Application will serve the public interest.

IV. CONCLUSION

Centennial fails to meet the heightened standard required of an applicant that seeks ETC designation in a rural area. Centennial does not make all of the necessary commitments to ensure that it will provide service as required by the Act and Commission precedent. Furthermore, it has failed to demonstrate that it would offer unique advantages or competitive benefits that would serve the public interest and warrant a further extension of the universal

⁶⁶ Application at 4.

⁶⁷ *Id.*

service fund. In fact, granting its application could seriously and unnecessarily undermine universal service. Therefore, Innovative respectfully requests that the Commission deny Centennial's Application for ETC status.

Respectfully Submitted,

Gregory J. Vogt

Gregory J. Vogt
Rebekah P. Goodheart
Amy E. Bender
Wiley Rein & Fielding LLP
1776 K Street, NW
Washington, DC 20006
202.719.7000

Counsel to Innovative Telephone

June 10, 2005

Exhibit A


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The new rates Cingular® Wireless Nation Plans

| Monthly Charge | \$29.99 | \$39.99 | \$49.99 | \$59.99 | \$69.99 | \$84.99 | \$99.99 |
|---|---------|---------|-----------|-----------|-----------|-----------|-----------|
| Minutes Included | 200 | 450 | 600 | 900 | 1,100 | 1500 | 2000 |
| Rolloversm Minutes | No | Yes | Yes | Yes | Yes | Yes | Yes |
| Long Distance and Roaming | FREE | FREE | FREE | FREE | FREE | FREE | FREE |
| Nights & Weekend Minutes (Regular minutes are from 9 p.m. - 6 a.m.) | 1000 | 5000 | unlimited | unlimited | unlimited | unlimited | unlimited |

Extend your nights from 7 p.m. to 7 a.m. for only \$7 more a month.
In shared plans, it is only \$14 more a month.

| | | | | | | | |
|------------------------------------|--------|-----------|-----------|-----------|-----------|-----------|-----------|
| Minutes for Mobile to Mobile calls | N/A | unlimited | unlimited | unlimited | unlimited | unlimited | unlimited |
| Additional Minutes | \$0.45 | \$0.45 | \$0.40 | \$0.40 | \$0.35 | \$0.35 | \$0.25 |

Add 1000 minutes in Incoming Calls for only \$9.99 per month per line, in rates starting at \$39.99 per month.


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Rate plan requires credit verification and one or two years service agreement with Cingular® Wireless. Rate plan offer requires the purchase of a GSM 850MHZ/1900 compatible handset. Deposit may be required. A \$36 activation fee applies per line, in share rates the activation fee is \$18 per line. Certain conditions may apply. Airtime and other measured usage are rounded up to the next full minute at the end of each call for billing purposes. Rates include Long Distance and roaming charges and applies to calls made and received within the 50 United States, Puerto Rico and the Virgin Islands. The \$29.99 monthly rate includes 1000 Nights and Weekends Minutes and does not include any Mobile to Mobile minutes. You may add up to four additional lines at \$19.99 per month per line in plans starting at \$39.99. In Family Talk plans starting at \$69.99, charge per additional line is \$9.99. In share rates the Mobile to Mobile Minutes and Nights and Weekends Minutes are shared within the line of the account. Rollover Minutes available in \$39.99 per month rates and above. Rollover minutes expire after 12 months, or immediately upon using them, or if rate plan is changed to a non-rollover rate. The additional minute rate applies to all minutes in excess of the included minutes and varies according to the month charge. Rollover minutes does not apply to Nights and Weekends minutes or Mobile to Mobile minutes. Certain conditions may apply. You may extend the Nights & Weekends period from 7:00pm to 7:00 am for only \$7 additional per month, in share rates the additional charge is \$14. Service is subject to the payment of additional mandatory or government charges and other charges such as: 911 Emergency Service, federal and local mandatory charges, taxes, federal and local service charges, number administration programs, and other charges which are subject to changes without previous notification. Cingular® Wireless and its graphic icon are service marks of Cingular® Wireless LLC. ©2004 Cingular Wireless LLC. Fits you best is a service mark of Cingular® Wireless LLC. ©2004 Cingular Wireless LLC. All rights reserved.



Plans for Sprint PCS Phones

Sprint offers a variety of service plans with voice and advanced calling features for you and your family. And our [Sprint PCS Better Wireless Guarantee](#) lets you try our services risk-free. Select tabs below to shopping for the right plan for you.

Ways to Buy

- Find a [Sprint Store](#)
- Call us at 1-888-253-1315
- Click [Add to order](#) below

Sprint PCS Fair & Flexible Plan

Sprint PCS Free & Clear Plans

Choose a set number of Anytime Minutes to use each month. For families, you can share your minutes among up to 5 Sprint PCS Phones with Sprint PCS Add-a-Phone® on any plan \$40 or above.

| Select | Cost Per Month | Anytime Minutes | Night & Weekend Minutes (starting at 9 p.m.) | Nationwide Long Distance |
|-----------------------|----------------|-----------------|--|--------------------------|
| <input type="radio"/> | \$35 | 300 | Unlimited | Included |
| <input type="radio"/> | \$40 | 500 | Unlimited | Included |
| <input type="radio"/> | \$50 | 700 | Unlimited | Included |
| <input type="radio"/> | \$65 | 1100 | Unlimited | Included |
| <input type="radio"/> | \$80 | 1400 | Unlimited | Included |
| <input type="radio"/> | \$100 | 2000 | Unlimited | Included |
| <input type="radio"/> | \$135 | 3500 | Unlimited | Included |
| <input type="radio"/> | \$160 | 4500 | Unlimited | Included |
| <input type="radio"/> | \$175 | 6000 | Unlimited | Included |

[Add to order](#)

All plans shown include these features while on the Sprint Nationwide PCS Network:

- Nationwide Long Distance
- Crystal-Clear Calls
- Voicemail
- Caller ID
- Call Waiting
- Numeric Paging
- Three-Way Calling
- Call Forwarding (\$0.10/minute)
- Sprint PCS Directory Assistance (\$1.25/call plus airtime charges)

[Learn more](#) about these standard features

- A two-year Sprint PCS [Advantage Agreement](#) is required for Sprint PCS Fair & FlexibleSM Plans and Nights starting at 7 p.m. A one-year Sprint PCS Advantage Agreement is required for all other plans. Month-to-month payment options may be available depending on your plan.
- Prices exclude Sprint surcharges in the amount of \$.65 per month, a [USF](#) charge that may vary by month and other fees which may vary by market.

- Additional minutes are \$0.40 each on Sprint PCS Free & Clear Plans; \$0.50 each on Sprint PCS Free & Clear Area-wide Plans.
- Domestic off-network roaming calls are \$0.50 per minute with an extra \$0.25 per minute long distance charge where applicable. [Learn more...](#)
- Hours for Night & Weekend Minutes starting at 9 p.m. are Mon.-Thurs. from 9 p.m. to 7 a.m., and Fri. 9 p.m. to Mon. 7 a.m.
- Stated prices and options are for online purchase only and are subject to change if not selected by 05/07/05.
- Sprint PCS Directory Assistance is available for only \$1.25 per call, plus airtime charges.

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